

COVER SHEET

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S.E.C. Registration No.

X	U	R	P	A	S														

(Company's Full Name)

7	F		C	A	M	B	R	I	D	G	E		C	E	N	T	R	E		B	L	D	G					
1	0	8		T	O	R	D	E	S	I	L	L	A	S		S	T											
S	A	L	C	E	D	O		V	I	L	L	A	G	E														
M	A	K	A	T	I		C	I	T	Y																		

(Business Address : No. Street City / Town / Province)

MARK S. GORRICETA

Contact Person

(632) 889-6467

Company Telephone Number

1	2	3	1
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Month Day
Fiscal Year

17-C

FORM TYPE

2nd Monday of May

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

C	G	F	D
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Dept. Requiring this Doc.

N/A

Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings	
N/A	N/A

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

STAMPS

28 October 2019

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: **Atty. Rachel Esther J. Guntang-Remalante**
Officer-In-Charge, Corporate Governance and Finance Department

Dear Atty. Guntang-Remalante:

In connection with SEC Memorandum Circular No. 10, Series of 2019, we submit the *Material Related Party Transactions Policy* of Xurpas Inc. ("the Corporation") which was approved by the Board of Directors of the Corporation during its special meeting held on October 28, 2019.

We trust that you will find the foregoing in order.

Very truly yours,



MARK S. GORRICETA

*Corporate Secretary, Chief Legal Officer
and Chief Compliance Officer*

October 28, 2019

MATERIAL RELATED PARTY TRANSACTIONS
POLICY AND GUIDELINES

(in compliance with SEC Memorandum Circular No. 10 Series of 2019)

Section 1. INTRODUCTION

It is the policy of **Xurpas Inc.** (the “**Company**”) that all related party transactions, as hereinafter defined, are conducted: (a) at arm’s length term, which would serve only to the best interest of the Company and accordingly, its stockholders; (b) fairly and with transparency; (c) with no particular group or individual who will benefit at the expense of any of the public investors or minority shareholders; and (d) to ensure the transactions are properly approved and disclosed in accordance with applicable laws, rules, and regulations.

Section 2. OBJECTIVE

The Company adopts this Related Party Transactions Policy (“**RPT Policy**”) in compliance with SEC Memorandum Circular No. 10 Series of 2019. This RPT Policy may be supplemented by additional company policies designed to ensure compliance with additional requirements by the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE) and other regulatory agencies, including their applicable implementing rules and regulations (IRR), issuances and other applicable laws.

This RPT Policy supersedes and replaces all previous issuances of the Company that is inconsistent herewith.

This RPT Policy is intended to ensure that:

- a) all material related party transactions (“RPT”) between the Company or any of its subsidiaries or affiliates and any Related Party as defined by this policy, shall be conducted in a manner that will protect the Company from conflict of interest which may arise with its Related Parties;
- b) transactions are at arm's length, under fair and reasonable terms and conditions beneficial to the Company and its subsidiaries and affiliates; and
- c) all RPTs shall be evaluated by the Related Party Transactions Committee for recommendation and approval by the Board of directors (the “**Board**”); and

- d) guidance is provided to management and employees to ensure the integrity and transparency of Material Related Party Transactions.

The Company shall treat both related parties and unrelated parties under similar circumstances and in the same and equal manner. It shall ensure that no preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances.

Section 3. COVERAGE

This RPT Policy shall cover all RPTs including the Material RPTs meeting the materiality threshold as defined by this Policy and as indicated in its provisions, between the Company and a Related Party or between a subsidiary/affiliate of the Company and a Related Party. Related Party shall pertain to an entity or person as defined by this policy.

Section 4. DEFINITION OF TERMS

- a) **Related Parties** – refer to the Company's directors, officers, substantial shareholders and their spouses and relatives within the 4th civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Company. It also covers the Company's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
- b) **Substantial shareholder**- refers to any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any of the Company's equity security.
- c) **Affiliate**- refers to an entity linked directly or indirectly to the Company through any one or a combination of any of the following:
- Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company or vice-versa;
 - Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity;
 - Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.
- d) **Associate**- refers to an entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence;

- e) **Significant Influence-** refers to the power to participate in the financial and operating policy decisions of company but has no control or joint control of those policies;
- f) **Control-** an entity or person has control over the Company if that entity or person has all of the following:
 - i. Power over the Company;
 - ii. Exposure or rights to variable returns from its involvement with the Company;
 - iii. The ability to use its power over the Company to affect the amount of the Company's returns.
- g) **Related Party Transactions ("RPT")** refers to the transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
- h) **Material Related Party Transactions ("MRPT")** refers to any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statement.
- i) **Materiality Threshold** refers to ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statement.
- j) **Related Party Registry ("Registry")** refers to the record of the organizational and structural composition, including any change thereon, of the Company and its related parties.
- k) **At Arm's Length** refers to transactions between parties who act independently of and without regard to any relationship with the Company or any of its subsidiaries or affiliates.
- l) **Abusive Material Related Party Transactions ("Abusive MRPT")** refer to MRPT that are not entered at arm's length and unduly favor a related party.

Section 5. IDENTIFICATION, REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

5.1. Identification of Related Parties

Every director, officer, and/or substantial shareholder of the Company is obliged to disclose any person or entity that may be regarded as Related Party of the Corporation, in accordance with this policy, on account of his being a director, officer or substantial shareholder. Such declaration shall

be submitted to the Board of Directors, through the Compliance Officer, at the end of every quarter. The Company may also require for such declaration pending review of a potential material RPT.

5.2. Identification, and Review of Related Party Transactions

- a) Before the execution of any transaction, the Compliance Officer shall identify if each new or proposed transaction may be regarded as a potential material RPT, and shall prepare a report, to be submitted to the Related Party Transactions Committee, which covers the following information.
 - i) The terms, business purpose, benefits and other details of the material Related Party Transaction;
 - ii) Nature of the relationship of the party or parties involved in the transaction in relation to the Corporation; and
 - iii) The description of the transaction, including the affected periods to be disclosed in the financial statements, including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial statements, which may include the amounts due to or from related parties to the transaction, if any, and the terms and manner of settlement.
- b) Upon receipt of the report, the Related Party Transactions Committee shall determine whether or not the proposed transaction is considered a material RPT. The Related Party Transactions Committee shall review and evaluate all RPTs before the transaction is executed and commenced. If not identified beforehand, the RPT should be immediately reviewed by the Related Party Transactions Committee upon its identification.
- c) Before the endorsement and approval by the Board, the Related Party Transactions Committee may, as it may deem necessary:
 - i. secure the appointment of an external independent party to evaluate the fairness of the terms of the material RPTs, which may include but not limited to auditing or accounting firms and third-party consultants and appraisers.
 - ii. engage the services of an external expert as a price discovery mechanism, to ensure that transactions are at terms that shall promote the best interest of the Company.

5.3.Approval of Related Party Transactions

- a) After review and evaluation of the RPTs, the Related Party Transactions Committee, shall endorse the same to the Board for approval. For RPTs not identified beforehand, they shall be submitted for ratification by majority of the Board or the same may be discontinued, rescinded or modified to make the RPT acceptable for ratification.
- b) All individual **material** RPTs shall be approved by the members of the Board, with the majority of the Company's independent directors voting to approve the Material RPT. Should there be no majority of the Company's independent directors obtained, the Material RPT shall be ratified by 2/3 of the Company's outstanding capital stock.
- c) Aggregate RPTs within a twelve (12)- month period covering the same related party, that breaches the materiality threshold of ten percent (10%) of the Company's total assets shall be approved in same manner as Section 6.3 (b) hereof.
- d) Directors with personal interest in the transaction shall abstain from participating in the discussion and from voting thereon.

5.4.Matters to Consider in the Review and Approval of Related Party Transactions

In the review and approval of RPTs, the Related Party Transactions Committee and the Board may consider the minimum criteria set forth in the Company Corporate Governance Manual and other applicable rules as may be required by the SEC.

Section 6. DISCLOSURE OF RELATED PARTY TRANSACTIONS

6.1.Disclosures by directors, officers, employees and substantial shareholders

The directors, officers, employees and substantial shareholders shall fully disclose to the Board through the Compliance Officer or the Corporate Secretary, all material facts related to any RPT as well as their direct and/or indirect financial interest in any matter that may affect or is affecting the Company. The Compliance Officer shall report any such disclosure to the Related Party Transactions Committee where the RPT shall be evaluated for endorsement to the Board. The Chairman of the Related Party Transactions Committee or any member thereof shall report such disclosure to the Board at the meeting where the RPT will be presented for approval and before the completion or execution of the RPT.

6.2. Disclosures by the Company to the SEC

- a) **Advisement Report**- An Advisement Report in accordance with the format provided by the SEC, of any Material RPT shall be filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or any authorized representative.
- b) **Summary of MRPT**- A summary of MRPTs entered into during the reporting year shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30.
- c) **Contents of the Disclosures** - The Advisement Report and the Summary, must at least include the information set forth in SEC Memorandum Circular No. 10 (Series of 2019) or any amendments thereof.
- d) **Submission with the Philippine Stock Exchange (PSE).** A copy of the disclosures in (a) and (b) shall also be submitted and disclosed to the PSE in accordance with its rules and shall be posted in the Company website.
- e) **Related Party Registry** - The Company shall keep a Related Party Registry or Registry which shall be used as reference in the preparation of its annual I-ACGR or as may be requested by the Board or the Related Party Transactions Committee. The Registry shall be kept by the Compliance Officer or the Company Corporate Secretary and report to the Related Party Transactions Committee any updates or changes thereto. The Management or the Board may review on a quarterly basis the Registry and update the same when necessary, to capture organizational or structural changes in the Company and its related parties.

In accordance with the SEC rules and regulations, full disclosure of the details, nature, extent and all other material information on the material RPTS including but not limited to the financial or non-financial interest of the related parties, the type and nature of the transaction including a description of the assets involved, percentage of the contract price to the total consolidated assets of the Company, the rationale for entering into the transaction and the approval obtained shall be made by the Company.

Section 7. ABUSIVE RELATED PARTY TRANSACTIONS

7.1. Whistle Blowing

The Company encourages employees, officers and directors including stakeholders, to report any abusive, illegal, unethical or questionable transactions that would include abusive RPT, with an assurance that such genuine concerns in good faith may be raised without fear of reprisals, even if they turn out to be mistaken. The aim is to provide an internal mechanism for reporting,

investigating and remedying any wrongdoing in the workplace while maintaining procedural and substantive due process at all times.

The confidentiality of any disclosure shall be maintained, without risk of reprisal to the whistle-blower. The whistle-blower shall refer to any person, including directors, officers, employees, shareholders, and other stakeholders.

7.2. Abusive Material Related Party Transactions

Any reported abusive RPT shall be forwarded to the Related Party Transactions Committee for evaluation. After evaluation, the Related Party Transactions Committee shall report its findings or if found abusive, shall endorse the matter to the Board for its resolution. Any resolution shall be voted upon by majority of the Board which may include decision to discontinue the transaction and demand restitution of losses or opportunity costs the Company incurred from such abusive RPT. This is without prejudice to any other penalties, such as administrative, civil or criminal penalties which may be imposed upon any director, officer or party involved in the abusive RPT, as may be provided by the Revised Corporation Code of the Philippines, Securities and Regulation Code and SEC regulations and circulars or other applicable laws.

Section 8. PERIODIC REVIEW OF MATERIAL RPT POLICY

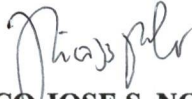
8.1. The Compliance Officer shall ensure that the RPT Policy is updated and implemented and shall advise the Related Party Transactions Committee of any changes in regulations or amendments to existing laws related to RPT. The Compliance Officer, shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing material RPTs to assess the consistency with the board-approved policies and procedures. The results will be communicated directly to the Related Party Transactions Committee, and then to the Board of Directors.

8.2. The Related Party Transactions Committee shall review the RPT Policy at least annually and shall recommend any changes for approval of the Board as it may deem necessary as may be necessary or when due to changes mentioned above and shall recommend to the Board the approval of changes or amendments to the RPT Policy. The Board shall review and update the Related Party Registry of the Company on a quarterly basis in order to capture any organizational and structural changes in the Company and its related parties. Any amendment to this Policy shall be approved by majority vote of the Board.

Section 9. WEBSITE POSTING

This Material RPT Policy shall also be posted in the company's website (www.xurpasgroup.com) within five (5) days from its submission with the SEC.

The foregoing Material Related Party Transactions Policy and Guidelines was approved by the Board of Directors on Oct 28 2019 day of October 2019, at the principal office of Xurpas Inc.


NICO JOSE S. NOLLEDO
Chairman of the Board


MARK S. CORRICETA
Chief Compliance Officer